

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 538 – HB 1055

April 3, 2013

SUMMARY OF ORIGINAL BILL: Changes, from two to one, the number of immediately preceding years that a home school student must be classified as a home school student prior to receiving the Tennessee HOPE scholarship.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –
\$54,000/FY13-14/Lottery for Education Account
\$80,000/FY14-15 and Subsequent Fiscal Years/Lottery for Education Account

SUMMARY OF AMENDMENT (003168): Amends Section 2 of the bill such that home school students may begin applying for HOPE scholarships in the 2013-2014 academic year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information received by the Tennessee Student Assistance Corporation (TSAC) from the Tennessee Home Education Association, there are 12 students who will be impacted by this bill that will graduate and enter a higher education institution in the fall of 2013.
- Students attending a four-year institution will receive a \$4,000 HOPE scholarship; students attending a two-year institution will receive a \$2,000 HOPE scholarship; and students attending summer school will receive \$2,000 HOPE scholarship.
- In FY13-14, TSAC estimates that 10 students will attend four-year institutions and receive HOPE scholarships totaling \$40,000 (10 x \$4,000); two students will attend two-year institutions and receive HOPE scholarships totaling \$4,000 (2 x \$2,000); and five of the 12 students will attend summer school and receive HOPE scholarships totaling \$10,000 (5 x \$2,000).

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- The increase in state expenditures from the Lottery for Education Account in FY13-14 is estimated to be \$54,000 (\$40,000 + \$4,000 + \$10,000).
- In FY14-15 and subsequent fiscal years, it is assumed that there will be a new cohort of 12 students receiving HOPE scholarships totaling \$54,000.
- According to TSAC, approximately 54 percent of the FY13-14 cohort (or 6 total students, consisting of five four-year students and one two-year student) will continue to receive HOPE scholarships in FY14-15. In addition, two of the six students will attend summer school and receive HOPE scholarships of \$2,000 each.
- The total increase in state expenditures from the Lottery for Education account in FY14-15 and subsequent fiscal years is estimated to be \$80,000 { \$54,000 for the FY14-15 cohort + [(5 x \$4,000) + (1 x \$2,000) + (2 x \$2,000)] for FY13-14 cohort }.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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